



STATE OF MARYLAND

DHMH

Maryland Department of Health and Mental Hygiene

Lawrence J. Hogan, Jr., Governor – Boyd K. Rutherford, Lt. Governor – Van T. Mitchell, Secretary

HEALTH OFFICER MEMORANDUM

DATE: February 2, 2015

CCPC HO Memo 15-02

TO: Health Officers
CRF Cancer Program Directors, Coordinators and Staff
SAHC CRF Program Directors, Coordinators, and Staff

FROM: Cindy Domingo, Acting Program Manager
Cigarette Restitution Fund Programs Unit, Center for Cancer Prevention and Control

RE: 60/40 Clinical Expenditure Requirement – Total Allowable Expenditures Calculations

In Health Officer Memo (HOM) #09-13, local Cigarette Restitution Fund (CRF) Cancer Prevention, Education, Screening and Treatment Program (CPEST) programs were advised of the Department's responsibility (resulting from a Department of Legislative Services Audit) to address CRF CPEST grantees failing to comply with the CRF statute, Health-General Section 13-1107 requiring all CPEST grantees to spend at least 60% of the funds under this grant on screening, diagnosis and treatment costs as specified by the program. This memo serves to clarify the clinical expenditure requirement, and demonstrate how the total allowable expenditures at the end of each fiscal year will be calculated based on the requirement.

60/40 Clinical Expenditure Requirement

- At least 60% of the total funds expended must be spent on clinical costs as defined in the CPEST annual grant application. Clinical costs are allocated in the FC02 cost center of the CPEST grants/budgets.
- No more than 40% of the program's expenditures can be spent on Non-Clinical and Administrative (indirect) costs, with a maximum of 7% of the total funds that can be spent Administrative (indirect) costs. Non-Clinical costs are allocated in the FC01 cost center of the CPEST grants/budgets, and Administrative (indirect) costs are allocated in the FC03 cost center of the CPEST grants/budgets.

Calculating Total Allowable Expenditures

- At the end of each fiscal year, the Department's Center for Cancer Prevention & Control in coordination with the Division of Grants & Local Health Accounting will review each local CPEST program's annual reported fiscal expenditures to determine if the 60/40 Clinical Expenditure Requirement was met. If it's determined a program did not meet the 60/40 Clinical Expenditure Requirement, a revised amount of Total Allowable Expenditures will be calculated, and the local CPEST program must remit funds accordingly to the Department.

Determining if 60/40 Clinical Expenditure Requirement Was Met- Example

In this example, the X County CPEST program *has met* the 60/40 Clinical Expenditure Requirement, because at least 60% of the funds were spent in FC02, no more than 7% of the funds were spent in FC03, and the total Non-Clinical expenditures (FC01 + FC03) did not exceed 40%.

X County CPEST FY2014 Reported Expenditures		Percentage
FC01 Expenditures (Non-Clinical)	\$52,500	35%
FC02 Expenditures (Clinical)	\$90,000	60%
FC03 Expenditures (Administrative)	\$7,500	5%
Total Expenditures	\$150,000	100%

Determining revised Total Allowable Expenditures when 60/40 Clinical Expenditure Requirement Not Met – Example

In this example, the X County CPEST program *did not meet* the 60/40 Clinical Expenditure Requirement, because only 58% of the funds were spent in FC02, and the total Non-Clinical expenditures exceeded 40% (FC01 + FC03 costs totaled 42% of the reported expenditures). The Revised Total Allowable Expenditures requires the X County CPEST program to remit a total payment of \$5,000 in order to meet the 60/40 Clinical Expenditure Requirement.

X County CPEST FY2014 Reported Expenditures		Percentage	Revised Total Allowable Expenditures	Remittance Due from CPEST Program
FC01 Expenditures (Non-Clinical)	\$52,500	35%	\$47,850 (33%)	\$4,650
FC02 Expenditures (Clinical)	\$87,000	58%	\$87,000 (60%)	
FC03 Expenditures (Administrative)	\$10,500	7%	\$10,150 (7%)	\$350
Total Expenditures	\$150,000	100%	\$145,000	\$5,000

Please share this memo with appropriate Fiscal staff at your local CPEST program. Thank you for your efforts to ensure compliance with CRF statute, Health-General Section 13-1107 for CPEST grantees. If you have any questions, please contact me at cindy.domingo@maryland.gov, or 410-767-5123.

cc: Michele Spencer/Donna Gugel/Donald Shell
Courtney Lewis/Sarah Hokenmaier